

EUROPEAN CINEMA EXHIBITION: A New Approach

Training Course for
European Cinema Exhibitors

5-9 June 2002
European Film College
Ebeltoft
Denmark

The purpose of this course is to provide the participants with a deep and sound knowledge of the major phenomena characterising the cinema exhibition sector, such as vertical integration, concentration, the multiplex development, the modification of the cinema-going habits. The seminar aims at giving the opportunity to the European cinema exhibitors to be trained, updated and orientated toward a highly networked cinema profession, endowed with more confident marketing skills in order to improve and upgrade their European cinema consciousness and transmit a better one to their audience.

Organised by MEDIA Salles,
Danish Cinema Association
The European Film College

in joint initiative with Eureka Audiovisuel

with the support of The MEDIA Plus Programme of the European Community
The Italian Government



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First of the organizers to speak was Elisabetta Brunella, Media Salles. Apart from bidding the participants a very warm welcome Elisabetta explained the history of Media Salles. Based in Milan it started in 1991 within the framework of the media programme of the European Union – with the support of the Italian government and especially with the participation of the Cinema Exhibitors' Association in Europe, representing commercial as well as art cinemas. The scope of Media Salles is to promote exhibition in Europe and European films in cinemas and to provide services for the exhibitors. Training is one of the newest initiatives and the present course is the first project especially addressed to cinema exhibitors. Media Salles, The European Film College, and the Danish Cinema Association wish to create a space in which exhibitors can talk among themselves, learn and exchange experiences, thus getting knowledge and tools to face the challenges that times offer to the cinema industry and especially the exhibition sector. These thoughts resulted in a pilot project in September after which a submission was sent to the European Commission. That body accepted, and this is the first training course for the exhibitors within the framework of the media programme. It is intended to be the first one in a series of events of this kind, and the European Commission has already given a favourable statement about the continuation of the course, and it is hoped that it will expand and involve a growing number of exhibitors and countries. Elisabetta was also pleased that the course, born within the EU media programme and based on the original idea of the Danish Cinema Association, is already open not only to participants from the 15 countries of the European Union, but also from the East European countries, thanks to the support of Eureka Audiovisual, another European initiative that is aimed especially at the East European countries. Elisabetta thanked Eureka and conveyed to the participants the regards of the director, Mr. le Rouge, who would have liked to attend, but was on a tour in several East European countries.

Next organizer to welcome was Mette Schramm, chairman of The Danish Cinema Association, the exhibitors' association in Denmark. Mette spoke of the association's part in founding the seminar, the original idea of which was to have exhibitors meet to exchange ideas, discuss new trends and form networks with exhibitors from other countries, thus learning from each other. Mette is herself an exhibitor and knows the everyday need for new knowledge. "Competition is not as much the other cinemas as it is all the other activities that people in a modern society engage in, and this is what exhibitors must relate to. Therefore we have to learn as much as possible about the people we call our guests. We also have to analyze our own businesses, can things be done differently, how can they be changed, how do we want the future to look? What will our world look like when the entire industry is digitalized, and how do we control that process in order to stay in charge of our own businesses? Lots of questions, some of which may be answered during the next few days, others we will ourselves have to figure out the answers to in the time to come. Most important is it to keep the exhibition business in good shape and that the people running the cinemas have a holistic view of the film business, thereby being inspired to play an active part – as partners in the industry, but most importantly in partnerships with the audience in order to make them go to the cinema in the future."

Last but not least Jens Rykaer, principal of The European Film College, bid his warm welcome, speaking of the school and the very intensive undergraduate 8 month course which enables the primarily very young students to decide whether or not they should try to penetrate the film industry. It is a course that will teach the students what is really beneath the glamour and fuss on the surface of the industry. In other words hard work and hands-on experience which will make them know for sure whether they would like to continue on the up-hill, head-wind, awful road into the business. Included in the course is running The Store Bjoern during winter as a professional public cinema for the very small town of Ebeltoft and its 5 or 6,000 inhabitants.

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So the students also learn that end of the business... where the film meets its audience. That includes films made by the students themselves, so they also get the tough experience of getting reactions or the lack of them. Apart from the 8 month course the school does shorter courses like this training seminar – in a relaxed atmosphere, yes, but very far removed from any temptations found in the big cities. So participants must adapt to the fact that they are at the school 24 hours a day to focus on the subject at hand.

Following these warm welcomes from the organizers, course moderator Mads Egmont Christensen took the participants through the course description step by step. He also repeated that this course was a follow-up on the September pilot project. The report from that course can be downloaded on www.danske-biografer.dk which is the website of the Danish Cinema Association.



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ON VERTICAL INTEGRATION

Mads Egmont Christensen, Course Moderator and Producer, Mecano Film, DK

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A new way of thinking may be necessary if we are to form a partnership with the audience. Today more than ever globalization is the name of the game. Everybody in the world knows Bruce Willis. Danish school kids know nothing about the Danish legal system. But from films, television, and books which depict the US legal system they know how judges and prosecutors actually work in the US. Not that we are being overrun. We are strong enough to withstand that, but the world-wide influence of America in this respect is not to be denied, particularly not when we discuss marketing and what the audience feels like.

Everything is measured these days. Films, television, video, dvd, books, music, internet – all of them accompanied by sales lists or weekly charts: How many people saw *Spiderman* on its opening weekend, how many saw both *Attack of the Clones* and *Spiderman* on the opening weekend of the latter? As you all know, the greatest weekend ever in the history of cinema. And focusing on cinema, we have lost market shares to the Americans. Our Latvian representative informs me that 98 per cent of the films shown in Riga are American. In Portugal it is almost as bad, about 95 per cent. This of course has cultural as well as economical implications. Generally speaking, American films do more than half their business on the home market, but *Waterworld* made its money in Europe as seems to be the case also for *The Scorpion King*. They are here, and they make money. The entertainment industry is the largest industry in America, and this fact is worth consideration.

When this topic has been discussed over the years, the European attitude has been that distribution might be the key weakness. Many European films are not adequately distributed in their own countries. Germany produced 77 films in 1997, only 9 of which were shown in cinemas, the rest of them going directly to video. Secondly, the films are not distributed elsewhere in Europe either. Some years ago we could find Irish, French, Italian films – films from all over Europe in our cinemas. These days that is the exception to the rule. A *Cinema Paradiso* or a *Il Postino* will be the Italian film of that year outside of Italy. Thirdly, very few European films are distributed outside of Europe although five Danish films have enjoyed worldwide distribution, including US distribution, over the past two years. A very rare occurrence which will be difficult to repeat. Finally, all European countries are significant

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importers of non-European films. A friend of mine who is a distributor put it to me in so many words, "I don't care. I have all the product I need!" That is probably not the common attitude, but exhibitors do not believe that they can influence next year's films. At least it seems that those who are not satisfied with the present situation are not doing anything to change the state of things, as it is seen in other businesses.

Perhaps exhibitors could do something, though. It struck me that exhibition is like a museum. You are exhibiting things for which people pay to watch. You invite people in to watch something they cannot see at home. You do not show items on a wall but a product on a silver screen. The managing director of the wonderful Danish museum "Louisiana" probably works hard to put together exhibitions, rather than just accepts what is offered to him. And if he tells an artist that he wishes to do an exhibition of his works in a couple of years, that artist will not make paintings to order, but he will make paintings with that exhibition in mind. I know of at least one Danish artist who did that. You may not consider your cinemas art museums, but you take the same initiatives to cater for your audience in the way of cafés or small shops, making their stay as comfortable and enjoyable as possible. The fact remains that creators and exhibitors are estranged. There is no real communication, no real interaction between those making the product and those exhibiting it. By comparison you are as exhibitors the competent ones. You run the real businesses which bring in the money. You have the knowledge – whereas the creators of your product have an ambition. A closer look at the problem might be worthwhile.

Basically, it's a producers' problem. The entire European film production is, as you all know, heavily subsidized. And subsidy is needed to produce European films, no doubt about it. However, a recent hearing here at The European Film College revealed an enormous problem related to subsidy. Because, at its worst, it may turn producers into packagers who earn their living producing the films and not from the box office. For such producers the process ends at the moment the film reaches the screen. The very making of the film becomes the all important issue. An important Danish director was giving a lecture on digital effects in the lab and began by illustrating the entire production process. **1) Idea, 2) script, 3) financing, 4) shooting, 5) editing, 6) lab work ...** and finally **7) a champagne glass.** "Then we have champagne at the opening," he said. This is to the minds of European producers the production process. They have become negligent. Certainly exhibitors are not to be blamed for this, but they do have to think about it – and in my opinion help change it. The producers will not, but maybe you can, by rethinking, by collaboration, by having a holistic approach to the industry. Because exhibition falls victim to the producers' way of thinking.

It is *state interference vs. market economy*. You do the business, relating to market economy – but the products are – in the case of European films – made first and foremost by means of state interference. A co-production on the other hand is a very complicated tapestry of funding, and the producer faces a number of consultants whose demands have to be met. You have to know about this, because this is the background of the global export strategy that is the life blood of exhibitors and feeds them with these 700 films, 225 of which are American ones, taking roughly 75 – 80 per cent of European box office. And the reason why the European ones take only 20 – 25 per cent is simple: They are not made for the audience, but for the film makers themselves... and for that drink at the opening.

Director Wim Wenders commented very wisely on the situation, "The art/industry division is abusive. Whilst we are defending our industry with cultural arguments, the US is promoting its

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culture with powerful and efficient industry. We not only risk losing our culture, but, at the same time, we risk losing the battle to build the most promising industry.”

Building a new industry takes a holistic understanding and training, because the goal is to introduce the principle of vertical integration as it is already applied by the majors, *the studios*, that have under their own roofs departments for development, production, distribution, and in some cases exhibition – in Europe only, as they are not allowed to own theatres in the US. But they have departments for exhibition at the studio, even if they own no theatres themselves. And at every lunch break these people from the four departments sit down and talk, handing over the experience they possess. They do what we try to achieve during this course, i.e. interchange ideas and bring greater understanding of the other aspects of the business. They communicate their points of view. And it is my strong belief that we have to join forces.

The ideological principle of vertical integration can be summed up as follows: Every person working with and looking at one film, whether this person be an exhibitor, a distributor, a producer or a developer, should be able to answer four simple questions regarding that film:

What am I trying to tell? - The development question.

In short: What is the message?

How can I tell it? - The production question.

In short: How do I relate the message?

To whom can I tell it? - The distributor question.

In short: Who do I aim at?

When and Where can I tell it? - The exhibitor question.

In short: Time of year and type of cinema.

The last question may well be asked both distributors and exhibitors and may well result in differences of opinion. However, if the principle of vertical integration is applied, these questions are not asked one at a time, as they come along. They will be answered simultaneously, thus building what's most important and very much needed for European films: *Marketability*.

Playability and marketability are the key words in marketing movies for audiences, *playability* referring to prospects once the film has opened, related to reviews and especially good word-of-mouth which is the best that could happen to any film. *Marketability* on the other hand is what can be done before the film opens to inform the audience that it will be in the market and persuade them to give it a fair chance. This will not happen by itself. The creators have to give it consideration and build it into their films, especially in Europe. The US star system with its wellknown actors and directors is in itself marketability, as are other factors that make film known to the audience in advance. The new Harry Potter, the new James Bond, the new Lord of the Rings, all set for fall opening, are samples of good marketability. Months ahead we have already decided to go see them. Targeting a film towards a special audience is also a part of marketability. Art films or prize winners are examples. But to build marketability, knowledge and understanding of the audience is needed. Exhibitors possess this knowledge and can integrate it in the way they market their films. By meeting and training each other in courses like this one, you may do that with this notion of marketability in mind... and perhaps gain influence on your product by joining forces and reaching with and via distributors – to the film makers and developers.

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Without knowing the very soul of the product, being able to recognize the certain values that are attached to any specific film and understanding them in your hearts, you will not be able to market that film towards the selective consumer of today. Chances are that the family will otherwise go to an amusement park. But if you can pass your knowledge of audience behaviour to the rest of the food chain *you* will be the ones starting the process of new European cinema, i.e. a market-driven production process focusing on the outcome on the screen and the purpose: To entertain one way or the other and provoke emotions. And the ideological principle of vertical integration does not begin from the top as was previously the opinion. It begins with encountering the audience.

Emotion-provoking content... laughter, tears, fright... is what it is all about. Figures and numbers are available and important tools, but if we keep the emotional issue in mind always, maybe it will help the European film business and in particular the exhibition business.

I am not suggesting that we speculate only in box-office and cater only for audience tastes. Hollywood still makes disasters, in spite of all the research that is done. We should wake up and all communicate on a higher level than is done now. Producers and directors do not wish to be confronted with the audience, and exhibitors feel intimidated in the presence of well-known producers or directors. But we should think in holistic terms and get to that point where we work in unison as a team to reach the goal, contrary to the present situation which is more comparable with a relay race in which the baton is passed on from one runner to the next one. It is all about understanding and communicating.



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ON PAN-EUROPEAN DISTRIBUTION AND MARKETING

Julian Stanford, UIP, UK



Film distributors obviously fall into two brackets, generally speaking – smaller and more independent ones, and larger, generally US-based studio operations. UIP has two studio partners. Universal distributes Dreamworks, so we have Dreamworks, Universal and Paramount product plus local acquisitions and independent product, like *Elling*, which we pick up and take to some other territories. For us at UIP it's not just Hollywood, a very large part of our output is from Working Title which are probably the most successful European producers and have the ability to produce very good films and very commercially successful films as well, such as *About a Boy*. Those two are not mutually exclusive. I've divided my presentation into two sections, distribution and marketing.

DISTRIBUTION

Prospects for an individual film will vary by market, obviously. A fair proportion of the films we release internationally are in territories such as Denmark financially just not worth doing. There may be some external influences, imperatives that override everything else about a release. It may be that the director is Swedish, and therefore you have to have a release in Sweden, regardless of whether it's going to make any money or not. Or you may want to do it anyway for the ancillary streams, but generally speaking, as UIP we look just at theatrical revenues. UIP is slightly strange in that we are a horizontal slice of three studios' business theatrically, rather than a vertical slice of one film going all the way through. So we need to make money theatrically. For other studios it is easier to look at the total life cycle of the product. Having decided to release, we then have to think about how big we can make the film. We could make it a certain size, the question is how much is it going to cost. We have a whole series of charts and past experiences that we use to look at what box office we could achieve, and for a particular film what the cost of achieving that box office is likely to be. Who is the target?... That could change very significantly how cost effective your marketing is. What is the shape of the revenue flow going to be?... How quickly can we get the revenue in?... What are the critical reactions?... In some markets they are absolutely vital. In some markets they are not relevant at all. Running time can have an effect, and exhibitor reactions, last, but not least! You are the guys who control the screens. If you have to reduce the number of shows and

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cannot compensate in ticket prices or you don't like the picture, it's very difficult for us to get it into the cinemas for people to see it.

I have a couple of charts which show a lot of films – basically almost two years' worth of data, and we looked at the first six weeks of the release. As a European average you do something like 37% of your business in the first week. That's the average for all top European markets. The only one that's different is Holland, which is so underprovided in the major cities that you cannot release a film widely enough to reach the level you can reach in almost any other European market. Coincidentally, they also have very high rental percentages in the first week in Holland, so it's in the exhibitors' interest to push the admissions into the later weeks when the rentals are lower. But by and large... just to be inconsistent!... whilst I say that all markets are different, all films are different – overall the patterns are extremely similar, and basically your film will on average follow this pattern which makes the first weeks extremely important.

Genre can have a big difference, and there are wide divergencies. **American comedies** don't perform so well in Scandinavia, but at or above average in Austria, Germany, Greece, Israel, Norway, Portugal, and the UK. Rather surprisingly, the markets that do best on **big action films**, relative to their overall share of the European business, are Greece, France, and Finland. I was astonished when I saw France in that, until I realized that France underperforms on all the other genres, so it has to hit its average somewhere – and that is in the big titles, the big action titles. But on all other genres they underperform, because by and large in France they don't like so much the American product. **Horror** performs better in the Mediterranean markets for some reason. I'm not sure why.

If you look at **by star**, Julia Roberts' films perform particularly well in Norway, but not in Finland. Who knows...? Last, but not least: Although the **Bond** films have gone to somebody else, I still hold them dear in my heart. The great majority of the Bond business come from the three big territories, but if you look at it relative to the size of the markets, it's the Scandinavian markets that produce a disproportionate share of the Bond total, so if you talk to Eon, the producers of Bond, they are well aware of not only where their money comes from but which markets overperform, so you'll find that they'll get special activities in those markets. There's **CGI animation** and **traditional animation**. Hollywood is moving very significantly towards CGI and away from traditional, which will not be good news for a lot of European markets in the short term, particularly Scandinavia and the Mediterranean markets. In the US they generated 97% of the business from CGI that they generated from animation. And looking at those films across the European markets the average is only 59%, so CGI performs only 60% as well in Europe as it does in the US. But that varies dramatically by territory. So if you're looking at a film like *Spirit* which we have coming up from Dreamworks, it is traditional-look animation, but CGI produced – you're left not really knowing which one you've got. But a Hollywood producer thinking about marketing and what he is going to produce – there is a move towards the CGI properties.

Oscars and awards generally are becoming increasingly important in the marketing of films. The Oscars are obviously the Daddy of the awards, but all the festivals and all the awards programmes are very important. Oscar films perform particularly well in certain markets – Greece was a real surprise – but you'll find that quality films perform disproportionately well in Greece. One film of the last eleven Oscar-winners performed better domestically than internationally, and that is *Unforgiven*, a western. Oscar films perform much better internationally than they do in America which is ironic since it's an American award. One reason for that is

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that the release pattern of films basically means that in order to qualify for the Oscars they're released before December. We then have the chance to release internationally in the run-up to the Oscars, which is what we at UIP have done, taking advantage of the fact that the Oscars have become very much more widely known internationally, so a large part of the front page film news is now to do with stars and Oscars rather more than any other more intellectual elements of film – and finally the reason is that we like the better films, so the better films perform disproportionately well in Europe.

Timing is a vital factor, and there is a huge host of different elements that are taken into account when you look at dating a picture. Dating a local film just in your own market, that's bad enough. When you look at the complexities of dating a film across sixty-something markets in order to get the right pattern it becomes exponentially more complicated. The date of the US release is very important with the media coverage that happens. There's been a huge discussion among the studios about how close you go to the US release, and generally speaking international releases are getting closer to the US release date. That makes our life in international much more difficult – for subtitling, for dubbing, for deciding how much money to spend, deciding whether our marketing plans are the right ones, whether our communication is the right strategy. But I personally believe that just as important as that shrinking of the gap between international release date and domestic release date is the shrinking of the gap between finishing the film and the US release date. Generally speaking directors and producers are becoming more powerful in Hollywood, and they are deciding they will finish their film as they like it as late as they want. They will finish it and sometimes they will only go to print the week of release, i.e. you do not get a finished print until the week of the release. That gives us no time to prepare. *Truman Show* was finished three months before the US release which meant we had a finished film to show exhibitors and critics, to do screenings, and we could date as close as we wanted to the US release, and we had room to prepare.

As exhibitors you have people asking why they have to wait. They know *Spiderman* or whatever the title may be is out there. The Oscars don't move, we know when they are. The major seasonalities remain the same, and those you should really be focusing on, particularly in certain markets. DVD and piracy issues remain broadly the same – we know where they are, we know what the timing issues are, we know the implications of those. So those remain common across all the markets. (Editor's note: The Oscars will move from late March to late February from 2004)

But as we decide how to roll out a film there are other things that we have to look at that vary, individual seasonalities in markets that are different, children's films for instance are released in the summer holidays in some markets, after the summer holidays in other markets because of the national trends that exist. There are different genres, franchise, and market strengths as I've explained. There are decisions on whether to go on new or used prints. A lot of markets are used print markets in terms of some of the prints or even in some cases all of the prints they use. And there's a necessary time gap between opening a picture in new print markets and used print markets. Dubbing and subtitling take time, and almost most important of all – from my perspective sitting in London where I deal as an intermediary if you like between territory managers and Paramount or Universal in L.A. – release order. If we release the film in a weak market first, and the film bombs then you've damaged the reputation of the film, and you've damaged the potential for other markets. So the release order has a lot of subtleties and a lot of difficulties. Local variables include local festivals which can be absolutely vital to particularly smaller films. Media availability in some markets... whether you can buy the

media in France, for example, can play a role in whether or not you release the picture. And different type of media, obviously. Touring opportunities can make a big difference. Some talent can be extremely helpful in supporting the release of the film, some talent is prepared to work very hard. Hugh Grant is doing an enormous amount of work on *About a Boy*, for example. Others actors refuse to travel at all, they're just not bothered, and certainly not outside the states. Talent power, certain talent works very well in some markets and for no apparent reason can do not particularly well in adjacent markets. Screening programmes can be very important, having time to do that. And promotional opportunities, increasingly with childrens' product, you need to factor in the promotional opportunities that exist when you're dating a picture.

Seasonality. In a developed market with lots of multiplexes, seasonality has basically disappeared. So whether or not there is a peak in business in week 21 depends on whether a film is released in week 21 – not on the overall strength of the market in that week. Basically speaking you'll get a peak in the total business related to product, not to anything else. Not so in all markets, there is a massive seasonality in Italy. They have traditionally released all their films in a four month period at the end of the year, and that May-June-July period is horrible. You'll see a similar sort of thing in Greece and in Turkey, slightly later in the year. But I would argue very strongly that that is as much a function of mindset as of what the market can and should do. In 2000, we released *M2* right in the middle of the summer, and with that one film we closed half the summer trough. If other distributors had released films into the summer that year the audience would have had a reason to come back. You would have built the audience in the summer. The multiplexes are there, they're airconditioned – modern theatres is the reason to come in during the summer. Unbelievably we got criticism to our faces and behind our backs to the studios, not just from other distributors for releasing in the summer, but from Italian exhibitors. If you're going to close the gap in the summer and you guys are going to have a full season, you need to encourage people to release films in those summer periods. Seasonality, I think, is driven more by expectation than by reality. Big titles can overcome it, but you need commitment from both sides to make that happen. We had exceptional support from multiplex exhibitors for doing that, not from the traditional Italian cinemas. We released *Shrek* in the summer last year, and hopefully, not having the big titles this year, we'll be able to do it again next year in the summer, to try and change the market. Temperature does have an effect, however, particularly in that period of May-June when you get the first summer. *The Mexican* was released in May across a series of territories. In week 4 of the release, when the temperature dropped, unaccountably the box office went back up again. This was true across 5 or 6 markets for the same film during the same period. In Norway it happened in week 3, not in week 4 – so it wasn't a question of when in the release it happened. When the temperature went back down again, the box office went back up again. So it's an old chestnut that the film didn't open as well as they wanted because of the weather, but it can be true.

Competition is of course an important factor. You want to avoid blockbuster titles, you want to avoid the weight of release. There are currently in France, on September 23, seven major releases for very big French films, three very big American films, and seven other titles, all planning to release on the same day. That will change, but it goes to show it's not just the size of releases, it's the number of releases. If you're a small film in France on that date, there is just no way you'll get a screen. So you need to be careful of numbers, not just blockbusters. Obviously you need to look out for similar genre titles, particularly if they're bigger than you – although you will get them in periods, like Halloween or the Easter – summer for the children's films. You need to avoid clashes of talent or producer. We have several Ben Affleck titles this

year that we have to space out. And as a distributor you need to be particularly careful about exhibitors who have their own films, because spookily if an exhibitor is distributing a film, it gets the best screens.

Release pattern. We need to look at the number of prints, but also where you take those prints. If it's a small art-house picture you may go to the big cities and the university towns. If it's a mainstream blockbuster you may go to the blue collar cities more than the others. You need to look at dubbed vs. subtitled, new vs. used, language variation, subsidized prints – in some markets, Denmark included, subsidized prints can be very helpful. You need to look at the pattern of print expansion – whether or not you do a platform release. Platform releases can be very difficult in some markets. A platform release where you release on a small number of prints and then expand it can be done for several reasons, maybe you want to create very strong word-of-mouth or you want to get the reviews out early or to get a very high per-screen average in order to fuel an expansion. If you have a film that you know will have a very strong critical response but you don't know how it's going to play to the public, you may release on a small number of prints and then expand. Or quite simply you can't on your opening weekend get as wide as you would like to get, but you still want to go out on that date. Censorship can have a very significant effect on your release pattern, most particularly the 12 and 15 or 16 censorship. If you get a 15 rating or in Germany a 16 rating as opposed to a 12, it can make a very significant difference to your box office potential and therefore to the number of prints. And showtimes... lot of discussions with exhibitors about how many shows you're going to play a film on.

Opening weekend. The industry is fixated on opening weekends. Exhibitors may have different views on whether it's a good thing or a bad thing, but the emphasis on the first weekend is increasing, for a number of key reasons. **Firstly**, the decay curve is more or less constant, so the bigger you open, the bigger your total will be. It's simple mathematics, bigger opening will give you bigger total. **Secondly**, if you start low, exhibitors will take your product off more quickly, so as a distributor if you don't open widely enough or with enough of your spend ahead of the release, you'll never achieve the screen averages that make an exhibitor protect your film. **Thirdly**, terms in virtually every market are front loaded, so as a distributor you make more money in that first week.

And then pressure from above: Everybody wants a big opening. *Spiderman* is going in Austria this weekend on 146 prints. Even *Harry Potter* only went on 120, and a big release in Austria is 70 prints. How they will get 146 prints into the market I just don't know. Then again many exhibitors, not all of them but many, are more interested in market share than in anything else. So the pressure to go wide initially does not just come from the distributor, but also from the exhibitor. And when you come to sell a film you quite often have to explain why you want it to go on a limited number of prints. To restrict the number of prints is very difficult. Mainstream movies are very difficult to platform. But if it's a small film and people are worried about it they may prefer to wait and see, but by and large if it's a film that people already think will be successful, already think will have a high per-screen average, it's very difficult to say to exhibitors: "No, you can't have a print." People who are left out get very upset.

18% of all the box office – these are UIP numbers, but hardly very different from most of the market – comes in the opening weekend of a film. That's the total box office. If you look at an individual film... on average for each film 27% comes in the opening weekend. The reason for that difference is obviously that the big films continue much longer and do a lot of

business that is not in the opening weekend. Those big films have a disproportionate effect on the overall average. But if you think of any single film, chances are that 27% of the business will come in the first weekend, which is a huge portion of the business.

This is NOT the first week, just the first 3 days. Or four days if it's German. But if you look at the rentals – more than a third of your total business as the distributor is done in the first three days. Which makes that incredibly important and is the reason why on average 95% of our marketing spend is ahead of the release. We've spent our money, made our investment, and if the film doesn't work, our money is gone. The exhibitor can change it to a smaller screen or can take it off. They can limit the damage. For a distributor you have one chance. Once the money is spent that's it, it's over, it's finished. That's why that opening weekend is so incredibly important.

I took 56 UIP films and looked at what percentage of their business was in the opening weekend. And the bigger the film, the less important the opening weekend. The smaller the film, the more important the opening weekend. So if you're distributing a small film your focus on the opening weekend is actually, or should be, greater than if you're releasing *Spiderman* or one of these big movies. I also broke 56 films out by the number of prints. Again that's the opening weekend, and ironically what can be derived from this is that the more prints you go out on, the less important the opening weekend is. Which is counter-intuitive, but it is because you go out on more prints with the bigger films, and the bigger films run longer. So if you go out on a small film and with a small number of prints, you better worry about that first weekend.

MARKETING

Generally speaking the film remains the same, although there are some small differences in censorship in certain markets, in the European context particularly the UK, but happily less so now. The question of how you market it remains the same. It's very difficult to allow as much differentiation in local marketing as we would like. The two key problems are time and money. There's simply not enough time generally to tailor a message as carefully as we would like to a local market, and generally it's an expensive process to do the development, the testing, and above all get the talent approval for the materials you're doing. The film industry is from a distribution point of view incredibly complicated in terms of trying to do what is in the best interest of the film. I have some examples where the talent and the contractual rights really damage what you can do with a film.

Print advertising.

The **teaser poster** you can usually get out without all the discussions related to credits and the contractual obligations, like how big someone's name is relative to somebody else's, how big someone's face is. It can not only put the film in people's minds very early, but also put the release date or release slot in people's minds very early. Personally I think that the teasers are often better posters than the final finished poster, because they're trying to do one thing whereas the finished one classically tries to do four or five things at the same time. Any normal consumer-marketing executive will tell you that outdoor posters can do only one job well, and often the teaser posters is the image you'll remember from the film. *Jurassic Park...* the original teaser was so powerful that the main poster became just a hybrid version of it. On the teaser you don't have to have the credit block, and it makes a huge difference to the graphic impact of the art work. And even through to *Jurassic Park III* we kept the echo of the original property.

Title translations in international are a huge area of discussion and debate. Take *K19 – The*

Widowmaker. If you translate that into French, it makes no sense at all, so the title has been changed into what would when translated back be *The Deep Sea Trap*. Same problem you'll find on many of the titles that carry a more complicated title. In certain markets the language alphabet is different, and you have to have a phonetic translation and an idiographic treatment of it. *Spirit* carried a ... subtitle, if you want ... *Stallion of the Cimarron*, which was difficult to understand in English, let alone in another language, so we got the author to explain what he was trying to communicate. So when we translated the title into other languages, be it Polish or French, it tried to communicate the spirit of what was intended rather than literally the meaning. Sometimes you change the title for cultural reasons. *The American President...* American, for good or for bad, is not necessarily a positive attribute in cinema in a lot of European markets, so in France we changed it more towards a romantic orientation, in Germany away from the American nature.

The main poster for an individual film remain very similar whatever language or format you're on, but they combine a lot of elements. You've got the title, the main characters, possibly the date of release, and the overall sort of look and feel of it which you want to communicate. *The Last Castle* came out in the US around the time of September 11. The US poster was very American, very appropriate at the time. Internationally, however, that was not an image that we felt we could use. The significance of an upside down flag is not known and that very American patriotic sell goes down badly in a lot of European markets, most importantly Germany, where it would be the kiss of death for any film. The key selling point is Robert Redford. However, contractually, if we put Redford's face on it, we had to put all four faces on it. And with their faces on it, we had put their names on it. But having gone through all the contractual hurdles we finished up with a poster which does the job, but probably not quite as well as the original did. *Scorpion King* is an example of censorship issues. In certain markets you're not allowed to show a tummy button, so we had to change it very slightly – in Malaysia, I think – and cover her naked midriff.

Goldeneye... the American poster had a gun pointing at the viewer which in the UK is not allowed. *Ali G...* was all done around a political election theme, so one poster was: BLAIR, BEWARE ... with two smoking machine guns – and one had a naked female bottom. The poster with the naked female behind was banned. We had to take it down because there were so many complaints. *About a Boy* is an example of changes being made the other way – and the implications of contractual obligations. On one poster they brought the title size down, so they can bring down the size of the credit block. One of the contractuals relating to this movie was that the credit block had to be a proportion of the size of the biggest letter in the title. These sorts of rules sound absolutely ludicrous, and to anybody outside the business they are, but there are hugely important stipulations as to what you can and what you can't do on a poster. *Tuxedo* is what you would expect – a Jackie Chan spoof spy film. The only selling point of this film is Jackie Chan, but you cannot put his name on the poster without Jennifer Love Hewitt's name being just as big.

Copy lines... the copy line on *Spirit* was "Some Legends Can Never be Tamed". In French taming a legend doesn't make sense, so it was changed into a different version of the same thing. Credits... on *Scorpion King* we had to change "From the producer of..." to "From the creators of..." Quotes... can be very powerful, particularly post-release and in later-release territories. *Billy Elliott*... the critical reaction was fantastic. We believed in it, and it got huge, huge positive response. But I remember an English exhibitor, who will remain nameless, who came up to me at the premiere and said, "Why on earth are you going on so many prints with

this film? It's just a small British film, not *Jurassic Park*. You're an idiot!" Luckily, I was right and he was wrong. It was a film that deserved to go out on as many prints to get as many people as we could to see it. It's a fabulous film, and the critical quotes supported that, so we had an early poster and a late version that had critical quotes on it. This idea can get very boring, so you can play games with the quotations. Here's four quotations, any one of them is good, but you have four words leaping out at you: "Full Blow Job Scene", telling a rather different story of what the film is about than just the individual critical quotes. Awards will, as I've already said, find their way onto the posters and into the marketing. *A Beautiful Mind* we lead with the nominations and then with the awards.

Audio-visual versions

The **teaser trailer** is the equivalent of the teaser poster, as you have the same sort of sequence. *The Hulk* we are obviously trying to get out with *Spiderman*. It's very early, as it's not coming out till next summer, but it's going to be a huge film then, and it's exactly the market for *Spiderman*. The first job of a teaser trailer like that is to plant a long way ahead of time in your minds what the film is going to deliver. Often it's made before the special effects are finished and often before the positioning of the film has been finally decided upon. It's there to put a stake in the ground. Sometimes it can work fabulously well. Sometimes it can backfire on you. So teaser trailers, like teaser posters, tend to be simpler, more striking, but they can also be at a disadvantage for being so far removed from the finished film.

Regular trailers can have many different versions, but particularly a "hard" and a "soft" version, depending on the market, on restrictions, and on how you're positioning the film. Another problem in making a trailer, particularly early on, is that the film score isn't finished. So it's a good game to try and guess the film from which film the trailer music has come. Particularly in animation, the music is not written until the film is finished. In other cases they've got the rights for the music for the trailer, but then can't afford to buy it for the film. Most commonly, however, you simply haven't made the choice of music for the film and find a piece of music to go for the trailer. The music from *Gladiator* crops up somewhere in approximately, at least by my reckoning, one in five trailers.

Advertising on television, you can come up with different solutions, sometimes because you want to, sometimes because you have to. For *Scorpion King* there are two different versions of the spot, again "hard" and "soft". The differences between the two are difficult to spot, but for the appropriate censors, and the appropriate market, they're extremely important. *Ali G*, as you would expect, also has two different versions of the television spot. A particular problem relates to Italy only. There's a strange regulation in Italy: Before a film is certified you can advertise on tv. Once it is certified, if it gets a 16 rating, you can't advertise until late in the evening – with moving images. But what you can do is this, which is the closest (a spot for *The Green Mile* consisting of stills only, but with dialogue and narration.) So problems in advertising and marketing don't just relate to sexual content. *The Green Mile* got the rating due to the explicit nature of the execution scene, not because of sexual content or any gratuitous violence, but these problems can hit you from left field. The obvious answer to this problem in Italy is to get the film certified as late as possible.

Radio advertising is very important for certain markets. It's particularly difficult to get radio that works really well. The spot you come up with obviously has to be targeted, not just in where you play it, but in the content of the ad to whom you target the movie. *The Sum of all Fears* just opened in the US. It deals directly with a terrorist attack which after September 11

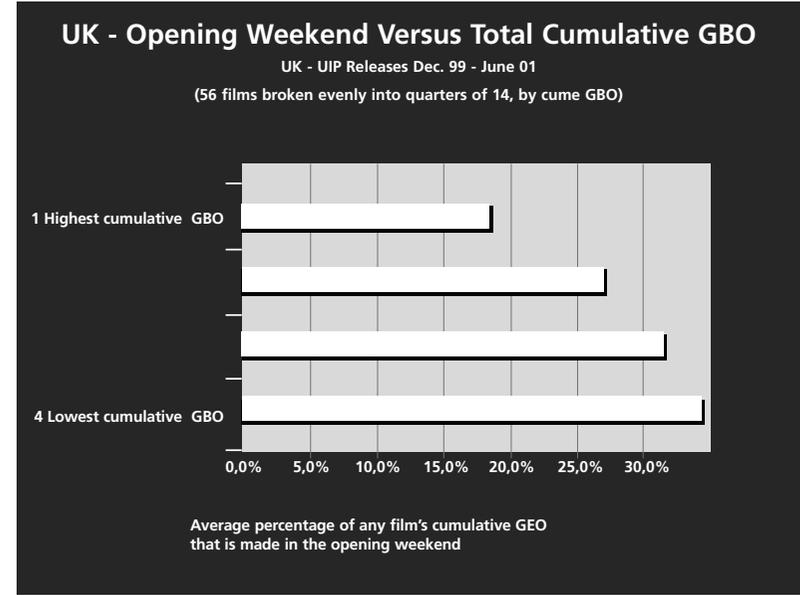
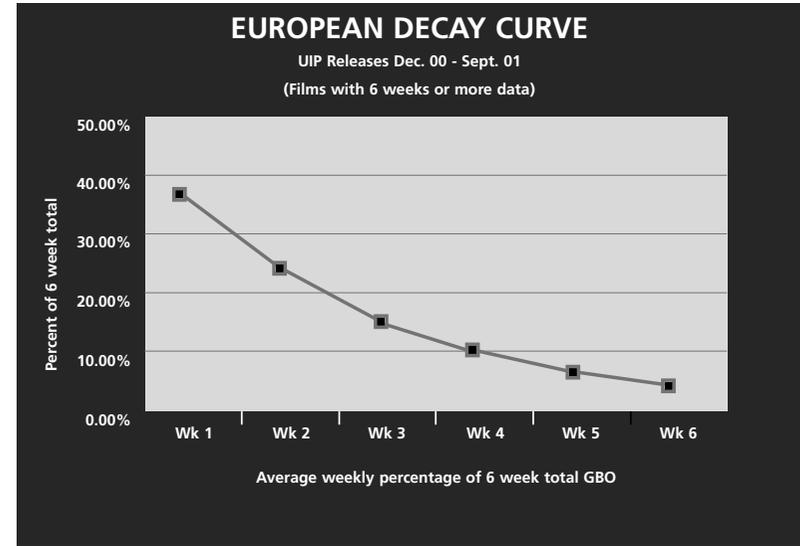
was a very tough issue for the producers and for the studio. They took it head-on in this case. The voice-over in the spot obviously changes from territory to territory, there's no dialogue from the film, only sound effects, so it's very cheap to convert from one market to another.

Generalizations to finish with. As William Blake said, "To generalize is to be an idiot." You cannot make any generalizations about marketing and distributing films in Europe. Every film is different, every market is different. They are clichés, but they are absolutely true. So the consultancy phrase "Think global, act local" is, I think, true more in film than almost any other market I can think of. We have local offices in more countries than any other distributor because we believe that you need to get your own people on the ground who understand where the film is coming from and where the studio is coming from – but most of all understand the local market.

So, thank you very much.



EUROPEAN CINEMA EXHIBITION, EBELTOFT 2002



EUROPEAN CINEMA EXHIBITION, EBELTOFT 2002

MAIN POSTER The Last Castle



MAIN POSTER Ali G Indahouse



Censorship issues The left poster was banned, allegedly because of showing the nicely shaped female behind, but more likely for what it is NOT showing.

EUROPEAN CINEMA EXHIBITION, EBELTOFT 2002

ON WORKING WITH YOUR LOCAL DISTRIBUTOR

Michael Berg, UIP, Denmark

michael.berg@uip.com



I have been the General Manager of UIP Denmark for four years now, and before that, which is most important in this context, I used to be an exhibitor. As they say, "It takes one to know one." And I believe that working in a country as a distributor together with exhibitors is very much a team work, based on mutual understanding and respect for each other's work. The only way to gain growth is to understand instead of fighting each other, and I believe we've managed to do that in Denmark. 15 years ago all the cinemas got together by invitation from distributors, a film gathering where distributors presented to the exhibitors the upcoming attractions. This was the first time that the exhibitors had the opportunity to meet. Until then they did not communicate much, but since a lot of cinemas were closing down, they discovered that the way to get on was to learn from each other. Since then Denmark has seen many new cinemas built, many new multiplexes, and we've seen distribution change to focus more on the marketing of films.

15 years ago a James Bond film would be released in 20 prints. The next one will be released in 80 prints. This means that almost all cinemas in Denmark which are open every day, 7 days a week, will get a print. Wonderful for the cinema, but for the distributor the level of money spent is twice that of 15 years ago, and the added spending generates only the same amount on the bottom line. Thank god, the past two years have been showing promise of a better margin, but the pressure is still on from the studios, via our London office, on me to get a good opening weekend. How?

We find an estimate for a specific film. How many people can we expect will want to see it? We then know how much money to spend. The theatrical window is the most expensive one, but at the same time the most important one. So we need the exhibitors, the co-operation, and in Denmark we have come a long way towards that and towards understanding each other. Julian's presentation has shown you all the tools that we have and will make use of. A special Danish poster is usually out of the question because of all the contractual obligations, so we choose between the US and the international campaign, and more often than not go for the international one. For *40 Days and 40 Nights* we used the US campaign, as we found it

EUROPEAN CINEMA EXHIBITION, EBELTOFT 2002

sexier, funnier, and more in unison with the Danish way of thinking. If you want to sell stuff in Denmark, bring humour to it in some way. As for titles, we may change it into Danish when possible, but critics will have a field day in the reviews if we choose a title they find stupid. We really have to watch our step there.

The most important thing for a film in our market is good word-of-mouth. The best films to work with in this respect are the high quality sleepers like *Bridget Jones' Diary* or *The Full Monty*. One way of nursing them on their way to the audience is doing a lot of screenings. So what's being done in the cinemas makes the difference. We are also very good at turning a film into an event-film, a must-see film. Often we refrain from screening such a film as an effort to make people go see it on the opening weekend. Unless the talent comes to Denmark we often send reporters to press junkets in L.A., New York, London or Paris, thus getting important promotion on the film. It is, however, an increasing problem that we do not get a print until very late.

Locally, we can also get partners to work with us on the film – like the gasoline company Statoil or Coca Cola – using merchandising to achieve greater impact. Personally, I stay in close touch with the cinemas, a great pleasure on wide releases where everyone gets a print, less pleasant when we have only few prints and need to decide which cinemas will have to be left out. And this is a question of economics. If the income from the cinema has to pay for an extra print it needs to sell 1,000 tickets. It doesn't sound like much, but if the local community is only 20.000 people, it is.

Being a very small country with only 5 million inhabitants, half that of London, Denmark still holds very different tastes geographically. Copenhagen does well on upmarket films while action/adventure fares better in the countryside. The very size of the country prohibits platforming on a big scale, but it's very important for good upmarket titles to open in Copenhagen and Aarhus which is our second largest city. An interesting example of this was the Norwegian film *Elling* which was a wide release domestically and a big commercial success. But Norwegian films in Denmark – and for that matter Danish films in Norway are like... nothing. We are trying to do something about this, but there are really big differences in Scandinavia. But because *Elling* was Norwegian it went from being mainstream to an upmarket film. And it's wonderful that although it was released back in January it's still playing theatres here in Denmark. Contrary to this, *Scorpion King*, which opened late April, has already vanished from the cinemas. So certain films can be nursed be going out on a limited release.

On Julian's talk about "hard" and "soft" versions, I might add that Denmark is "hard" territory. We have no restrictions, and censorship rules are not prohibitive.

And that is what cinema is all about – dreams... for the mind and for the heart.



THE UIP Q & A SESSION

Julian Stanford and Michael Berg

(C is comments)

- Q:** *Do you think if there was a reduction in the percentage of money spent on advertising prior to release – if that money was spread out more evenly, that exhibitors would be happier to take the film two or three weeks after the release date?*
- A:** I don't know. Ask...
- C:** *I can answer that. No! Are you crazy? They want it in the opening weekend. That's what it's all about. At least if you are a cinema of a certain size. Maybe a different type of cinema would be pleased to have it after two or three weeks. But first-run cinemas would definitely not want it as a move-over while the competition gets the opening weekend.*
- Q:** *Surely there's a possibility that by concentrating on the first weekend we're making the market very extreme and unstable. It all depends on just a few days. Relying so heavily on a few days does not seem very healthy to me. Surely it's setting up more failures. There are going to be films that are not a big success for the first few days, and then they're just forgotten about. There's no further investment or any sort of long term development – no nurturing, it's just boom or bust. And sounds like it's getting more and more extreme. Is that healthy for the industry? How do you know you're not creating that situation by your marketing? Maybe that is not the natural situation.*
- A:** I fully accept that by spending 95% of our sale, on some pictures it's 100%, before release you're pulling the emphasis on the first weekend, but if you don't open the picture, the picture won't get anywhere. Remember the rule, as I said, that not only do you open high in order to produce a big result because the decay curve is by and large

the same – but if you don't open high... exhibitors are very unforgiving people. For every film that you want them to keep running: "my film, my baby. I believe there's an audience out there for this film. They've just got to hear about it. The word-of-mouth has just got to spread. This is a quality film, it's not an obvious film. It needs a bit more time."

The exhibitors are going to turn around and say: "Look, I'm sorry, but I have a choice between your film and your good intentions and your jam tomorrow – and this film which will occupy twice as many seats. And now. And it's a sure bet. I love you dearly, and I love this film, but no. It can't stay on the screen. This film is going to have the screen." And what it boils down to is the commercial reality. Exhibitors are in business to make money, so are producers. And the better commercial bet will out.

- C:** *What it really boils down to is that if, as an exhibitor you let the film go, it's because no-one comes to see it. In the end it's the audience deciding.*
- Q:** *I'm just thinking ahead. When we enter the digital world and it will be possible for everyone who has the equipment to show the movie at the same time, would you as a distributor still want to restrict who gets the film?*
- A:** I have no idea what's going to happen on digital. I challenge anybody to be able to say: "It will be like this." You can just as convincingly paint two completely opposite pictures. Michael presented the picture from what the ideal scenario would be from an exhibitor point of view, and I painted the picture of what the ideal scenario would be from a distributor point of view. Completely different financial models, completely different control over what's screened where and all the rest of it. But for me the fundamental is that the business is about choice and about yield management. What you as an exhibitor need to do is occupy as many seats as possible for every show, and that can be achieved by getting the same people to come in more often and by getting more people to come in. And you'll do that by offering choice, so I don't think when it comes down to it, if every cinema in Denmark could show *Star Wars* on the opening weekend that it would be a good idea. I don't think it would be a good idea for exhibition and I don't even think it would be a good idea for distribution – for George Lucas it might, but for distribution as a whole I don't think it will be. And for every single film, Michael's and my job is to represent the interests of the producer of that film, but on the other hand we also have a responsibility for the cinema industry in total, for distribution in total. But we – as a distributor – and you as a group of exhibitors have an interest in changing the market. Which is the only way we're all going to survive into a healthier future. But I have no idea where digital is going to go.
- A:** And also, please remember that when the digital world is here you have 100 years' worth of library waiting for you. This will allow you all new ideas and possibilities for cinemas to develop individual profiles or whatever.
- Q:** *Trying to change Italy's summer market. I know that it was tried with *Shrek* also with different results, but wasn't it tried with *Pearl Harbor* as well?*
- A:** *Pearl Harbor* sort of came into the edges of it. What's happening in markets like Greece, Italy, Turkey – markets with very low seasonal troughs – is people are coming in to the shoulders of it. In Italy there will be a couple of films coming into the summer this year. Hopefully next year the distributors will be able to put three or four films into the summer, because I think you can change it. In Greece there's a very interesting example where Warner Bros. is the dominant cinema. The same organization distributes Warner Pictures as well as run the cinemas, and they dropped first of all *Analyze This*, not, with all respect to the producers, an obvious choice like *M12*. They did fantastic business by

putting that into the summer period, and they have put their money where their mouth is. They have put big films into the summer. We've put big films into the summer, not as courageously as they have, frankly – but it takes two or three distributors and it takes real commitment from exhibition to do their bit. So if a distributor is going to take the commercial risk, the exhibitor has to help by doing local marketing, by making sure that people who come in see enough trailers of the next films. You can only really make a difference if both sides work together and do the extra amount. Trailing is the best opportunity to reach your audience. You're much more likely to get someone to come back into the cinema than you are to get somebody who hasn't been to the cinema for nine months. And if you go to an American cinema they don't have advertising and they run six or seven trailers. I went into a cinema in Austria last week – biggest screen, *Star Wars*, two trailers. A complete waste! You have all those people sitting there who could be shown trailers for all the forthcoming pictures, and they showed two trailers... one of them for a film that isn't coming out until November. So you have to work together to generate the business.

- Q:** *Criticizing that Austrian cinema for showing just two trailers, don't you feel there's a limit to the total length of the show? *Star Wars* winds up at 2hrs and 45 minutes with commercials and three trailers.*
- A:** My first piece of advice would be, don't run the advertising. That's because I'm a distributor, and you're an exhibitor! In most European cinemas advertising is about 10 to 15 per cent of your revenue. You've got to make a decision about whether that revenue which is cash in the hand is more important than bringing your customers back in. But the back of your question is that by and large, as I referred to earlier, films are getting longer. And that I think is because film makers are getting more powerful. And if you're talking about an auteur or you're talking high quality film it's probably a very good thing that film makers are getting more powerful, as they'll produce better quality, more sharply defined, more personal, more interesting films. Mainstream film makers getting more powerful you're getting longer films. They may be better, they may not – but from an exhibitor's point of view, yes they're problematic.
- A:** In Denmark we try very hard to get into exhibitors' minds the importance of teaser trailers, and we hope to persuade them to show the *Hulk* teaser trailer in front of *Spiderman*.
- A:** It is entirely dependent on how relevant the trailer is. *Hulk* is the perfect example. If you're showing a trailer for a film that's a long way out, but is absolutely your target, then that is the sensible thing to do. There's no point in doing it if the film is not relevant to your target audience. The more relevant it is, the further out you can do it. But trailing is a personal crusade of mine because we spend huge amounts of money on trailers, 40% of which never get out of the can. 40% of them come back from exhibitors unopened. We can agree trailer programs with the circuit centrally and then, if you do a trailer check, you'll find that their own managers or projectionists aren't even following their own instructions. They haven't got the time, they disagree, or they haven't got the instructions in the first place. In the UK the average of trailers is 2.5 or something, which I find ludicrously low, but if that's the context in which you're working, then you better make sure those 2.5 trailers are the right trailers. Last year during *Lord of the Rings* the highest trailed picture was *Harry Potter*. It was already out there! What's the point? For some reason a lot of people showed that trailer. People need to be more intelligent about what they're doing when they're only going to show a small number. The easiest

way to do it is to show more trailers, then you've got more flexibility.

Q: *Trailers again. When we received Star Wars it had two trailers attached to it, and we were not allowed to play other trailers than those two. And we were checked to make sure that they remained the only ones.*

Ice Age also came with two trailers, the first of which was the Bruce Willis film Hart's War, and many parents complained because it was not suitable for kids.

A: I can't comment on Fox's policy.

A: But it is interesting because when we have a big hit and generate 400,000 admissions, it's unfair that we don't get the chance to communicate with our own customers. What would you say if we only let you book films on the condition that we can put teaser trailers in front of them? Of course we would not put PG13 trailers on children's movies. Last year UIP generated 3.2 million without being allowed to communicate to them. Cinemas made good money from the advertising company on those tickets which we generated. And I work very hard to convince Danish exhibitors that we should be allowed to ensure that our teaser trailers are shown, that our teaser posters are up, and that our product is exposed to our audience.

Q: *I was wondering about your view on collaboration projects between many distributors and many exhibitors to increase the overall market, for instance by shifting seasonality in countries.*

A: In general I'm very much in favour of it. There is one very significant issue you have to deal with, and that's competition law. I've never known a business that is so fraught with legal problems – from the contractual obligations of a one-sheet poster to what you can talk about in a trade association and what you can't. There are moves going on in the UK at the moment to establish across the industry a "cheap day", as has been done very successfully in Australia and recently in Germany, i.e. a half-priced Tuesday or half-priced Wednesday, so the whole industry can support it, distributors can talk about it, exhibitors can talk about it – a day to generate interest to get new people into the cinemas. On certain issues you'll immediately run up against competition problems, because it would be considered anti-competitive or restraint of trade to talk about collectively doing some activities. So in this industry there are some real legal hurdles towards doing things you might want to do. Anyway, there are legal restrictions about what you can



do as an industry or even as an association, i.e. what distributors or exhibitors can do, particularly under EU law. But generally speaking I think that industry initiatives are where we should try and go. Whether it's informal collaboration or more orchestrated, this industry has mutual interests. There are things at the edge that are different, but by and large if you sell a seat in your cinema it's in my interest as a distributor and your interest as an exhibitor, and if you can get more seats sold then it's in everybody's benefit. And if we can talk about ways that will grow the market rather than ways in which one exhibitor will take shares from another exhibitor, then everybody gains and everybody should support that, but you have no idea how difficult it is to get such initiatives up and running, because in many markets you'll immediately come across someone saying: "It's not in my interest. It may be in the general interest, but it's not in mine, so I'll stop you doing it."

Q: *I've never quite understood why in some markets the distributor supplies the posters and the trailers, in other markets the exhibitor has to buy the posters and hire the trailers. Do you not believe if you hire the film that the marketing tools should come with that film?*

A: The commercial relationship between the distributor and the exhibitor... no two markets are the same. Rental structures are not the same in any two markets, nor are the other elements of the relationship – play weeks, showtimes, advertising materials, they are all different, and one of the things that I resist very strongly is an exhibitor in one market coming to me, saying: "Because it's like this in another market I want it to be like this in my market." Things are different, and if we want things all to be the same, fine – we'll make everything like Japan. The basic terms are 70% rental. Do you want that? It's the biggest market outside the US, let's make it all the same as the biggest market. They don't want that. What they want is exactly what you want. No pay for advertising materials, no pay for trailers, and they all want UK rental terms, 35% - fantastic! Let's have that in Germany, all the exhibitors will say. You can't do that, you can't cherry-pick. Each market has a different set of arrangements. There are arrangements in Norway on rental terms, and in Denmark that most people would probably say are illegal under EU law, but that is what the market is. And if you want to get to a position that's different from where you are, then you either throw everything out and start again – or you have to deal with the reality of where you're coming from. In some markets it seems ludicrous that the cinema pays for the advertising materials, but in that market things play out that way. Maybe their rental terms are lower, maybe they don't get co-op support, maybe they have different restrictions on play weeks, or whatever it is. It's all a combination of different elements. You can't pick one and say this should be different.

Q: *But in the UK we have two different systems. One system where certain distributors do provide the advertising material and the trailers. Other distributors still go through the old system where you have to hire the trailers, albeit not on a weekly basis as it used to be. Now it's one hire for the trailer to come out. And you still buy the posters. So it's one territory with two systems.*

A: So you want less diversity. You want everything to be the same.

Q: *No, I was just intrigued why BVI do it one way and UIP another way.*

A: It's all a question of past history and relative strengths, the starts that people have taken in various negotiations and precedents taken over the years.

Q: *Let's just say, I'll just go back to golden square and say when it's 35% why am I charged 45% for 40 Days and 40 Nights?*

- A:** That's the overall national average. It varies. I think there ought to be more diversity and more variation. But every time you suggest that you create problems for people on the ground to actually administer it. In Denmark they have a fixed framework of terms so you don't have all those terms discussions. You could say that's a good thing, on the other hand it means you can't get terms outside that framework. So there are strengths and weaknesses, and it's fundamentally based on what the precedent has been. And that's different from market to market, from distributor to distributor.
- A:** In Denmark a big German exhibitor appeared on the market a couple of years ago, and it was interesting to see how they operate and how they thought we should operate. Press screenings are, I believe, of mutual interest to exhibitor and distributor – but this company introduced charging distributors for such screenings which had until then been for free. So changes are not always to the best.
- Q:** *On Michael's frustration at not knowing who the end customers are. Surely through building web sites you can take a step closer to that. If that's the case how are you using the information that you gather in to further promote the films?*
- A:** On that point we have a very good relationship with Nordisk. They are building a membership relationship to their customers, dividing them into categories according to their likings. So if we want to target a particular film and perhaps test it, we ask Nordisk to do a screening towards an audience who love Julia Roberts – or perhaps those who hate her.
- Q:** *I was referring to the actual film websites, like the Lord of the Rings website where people can go before the film is released and register. Is there any use of that information from a distributor point of view to forecast or plan how to release it?*
- A:** Not at this stage. I think that will come. The importance of the internet is at the moment more in what it is heralding, than in what it has already brought. We spend a lot of money and a lot of time on internet marketing. I think it is not yet as important *in fact* as it is *in prospect*. It is very important for certain types of cinema goers and on certain types of films. *Lord of the Rings* is perhaps the best example of a film with a very web-literate audience, but that is not the audience for most films. It is becoming more important, as it is becoming a two-way system. At the moment it is much more push, basically getting the information out there, earlier providing stuff for people to see – and on films like *Lord of the Rings*, *Blair Witch*, or any of these films that are more targeted towards that it can be absolutely vital. But for the mainstream films or even for a lot of high-quality films or art-house films it is more important in prospect. It is at the moment more in the future than in reality. Certainly I have not heard of anybody tailoring their marketing campaign to responses they get from internet questionnaires or whatever. It will be increasingly built in, but they are early stages yet.
- C:** For the Danish film *Monas Verden* people were asked on the internet to submit ideas to the producer and director, and the responses were incorporated in developing the script, but on release the internet aspect of the film had been forgotten. It was released as an ordinary Danish film and actually did not do that well. It is not to be used as a good example of internet marketing.
- A:** What happens is that films do very well because of the Internet, but it's not necessarily what's most successful about *Lord of the Rings*. The book was a little bit more important than the website was. But they all talk about the website. I would much rather have a picture of the star on the front page of the national newspaper than I would more hits on a website than any other film that year. Because people who know about the film by

going on the website are also going to know about the film from all the other ways they learn about films, since they are interested in film. But the front cover will reach more effectively the people who are not as interested in film. The people who go to the *Star Wars* website will go and see the film anyway.

- Q:** *One of Michael's colleagues claims that half-price days are just giving tickets away. Do they bring in more people or just give the tickets at half the price to people going anyway?*
- A:** My personal view is first of all that what price exhibitors set is exhibitors' decision. It has nothing to do with the distributor. None of our business. You set the price that you want. That's your business. If you set the price so low that we can't make a commercial return, then it's our business. Secondly, on the specifics of a half-price day... that works, provided all the other discount days or discount schemes are done away with. It works in Australia and Germany because it is a focus for people to concentrate on. It will not work if a multiplex on this side of the street has a cheap Wednesday, a multiplex on the other side of the street has a cheap Tuesday, and a multiplex around the corner has a cheap Thursday. Then people can go to a film at half the price any day of the week. All the exhibitors lose, all the distributors lose. It will work if you have a discount day, one day where people who want to pay less can go, people who maybe wouldn't go otherwise. Gradually they may get into the habit of going more often, and it's a focus for the industry. Initiatives of that sort will always have people who are less in favour of them or skeptical. If you can, as we've done over the last 18 months in Germany, have exhibitors and distributors sit down and find out how to make the cake bigger – and the discount day is just one example – take focus off exhibitors' competition with exhibitors and distributors' competition with distributors and instead focus on growing the total industry, that's where we should be looking. We've been very lucky the last two years, good product, strength of marketing – we've had very buoyant years. But it's very easy for that momentum to stall if we don't keep trying to find ways where everybody wins. We've been looking at taking experience from other markets into an individual market. If you suggest an idea to somebody from within an individual market, "We tried that two years ago. Didn't work." "I tried that, doesn't work." But have somebody come in from outside and say: "This works in Australia" or where-ever it might be, then it's a more compelling story. There are initiatives that I have been trying to get to work in say the German market to get film off the film page and onto the front page of newspapers, so that it is something that people think about and talk about the way they do in France, Australia, the UK, America. In some of the other markets it's just not front page news.
- Q:** *Small exhibitors, not having money to spend on market research, quite often take initiatives that are purely intuitive. While distributors do have the money, that research is not getting through to exhibitors. A lot of individual cinema managers wonder if talker screenings work. We do them maybe four or five times a year, having a show at least a week in advance of an opening. The tickets are free, and the purpose obviously is for word-of-mouth to spread, but some managers feel that we're kissing goodbye to 300 tickets that could have been paid for. And nobody tells us that market research has been done and that they work, we just have to believe that. I feel like we're blind in that area. Has the market research been done and who is communicating that to exhibitors?*
- A:** One fundamental problem is that every film is different. There are some generalizations that you can make about how certain things work, but per the Blake quotation you're in danger of generalizing from the specific and coming up with something that just isn't